

Tax on tobacco leaf export raises debate

STAR BUSINESS REPORT

The 10 percent duty proposed on the export of tobacco leaves in the budget for 2010-11 has cast a shadow over the relatively new export item with exporters saying the proposal, if implemented, will hurt global competitiveness.

Around 300,000 farmers grow tobacco in Rangpur, Kushtia and Chittagong will also be affected by the budgetary move to slap duty on the export of the country's top cash crop. Industry people said if the decision is implemented, Bangladesh will be the first country to impose duty on tobacco leaves export.

"The duty will hurt the competitiveness of the Bangladeshi produce in the international market, as no country in the world imposes duty on the product," said Zakir Ibne Hai, head of corporate and regulatory affairs of British American Tobacco Bangladesh.

"When Bangladesh is looking for export diversification, the proposed export duty will definitely be considered as regressive. It will also negatively impact the livelihood of thousands of farmers."

In budget reactions, some economists said the economic rationale for proposing a tax on the export of tobacco is unclear.

Farmers in the monga or near famine-prone Rangpur region that grows most tobacco meant for export are unhappy with the levy proposition for the cash crop.

Growers in the Rangpur region have



Dhaka Tobacco of Akij Group, Abul Khair Tobacco, Nasir Tobacco and Global Tobacco, through their registered farmers.

Virginia type tobacco leaves that are cured or dried through fire are mainly grown in Kushtia and Chittagong, which meets local demand.

In 2010, around 85,000 hectares of land across Bangladesh came under tobacco cultivation, accounting for less than 1 percent of total cultivable land, sector leaders said. Tobacco plants remain in the field for 90 days -- from mid-October to early January.

Currently, Brazil, India, China and the US are the world's leading tobacco exporting countries with their global share of trade being around 26 percent, 17 percent, 16 percent and 7 percent. Bangladesh's share in

world tobacco trade is only 1.8 percent.

More than 70 percent of Bangladesh's export is composed of garments, followed by frozen shrimps, jute goods, leather, and raw jute.

Referring to the proposal for export duty on tobacco in Bangladesh, industry insiders said in neighbouring India, the government promotes the crop in the international market.

According to Indian Tobacco Board's website, it promotes overseas marketing of Indian tobacco.

Tobacco leaf exporting companies said the duty on exports would increase prices, driving away international buyers.

been cultivating tobacco for the last 250 years. But they started growing export-oriented burley variety tobacco only since 1998. Burley type tobacco leaves grown in Rangpur and Manikganj regions, which are cured or processed naturally through air, have little or no demand in the local market.

Bangladesh exported tobacco leaves worth \$55.2 million in 2009, while in 2008, the country shipped tobacco valued at \$35.2 million. Tobacco exports started in 2004.

Germany, Belgium, Hungary, Sweden, Indonesia, Malaysia, Pakistan and Singapore are the main importers of Bangladeshi tobacco leaves that are mostly produced by BAT Bangladesh,



TRANSCOM BEVERAGE

Executive Director of Transcom Beverages Ltd Khurshid Erfan Chowdhury, centre, speaks at a press briefing for its ongoing promotion "Pepsi Football Mania" in Dhaka yesterday.

Pepsi Football Mania gets huge response

STAR BUSINESS REPORT

Pepsi Football Mania 2010, a promotion of Transcom Beverages Ltd, has received warm responses from people since its launch on May 19, said Khurshid Erfan Chowdhury, executive director of the Pepsi franchisee in Bangladesh.

"We got around 3.50 lakh SMS in the one-month period, which is much higher than the SMS received in the last year's promotion," he added.

Chowdhury was speaking at a press briefing at the Transcom Beverages office in Dhaka yesterday to describe the features of the promotion.

"Pepsi is a brand for the youth. The

response we got proved it again and encouraged us to continue the promo until July 10 although it was supposed to end on June 30."

Under the promotion, people have to SMS the eight-digit code hidden inside the caps of Pepsi pet bottles to 6969 to get prizes like mobile phones, jerseys, i-Pods, HP laptops and Philips LCD televisions. Moreover with the purchase of every Pepsi pet bottle, one can also win a guaranteed gift -- a Pepsi Star Card.

And there is also a chance to win the grand prize, which is a visit to Pattaya in Thailand.

As part of the promotion, Pepsi Football Mania activation team visits

different places in the country with fun games and many attractive prizes for the Pepsi fans. The team had already visited TSC (Dhaka), AIUB (Dhaka), Jagannat University (Dhaka), Premier University (Chittagong), Victoria College (Comilla), Chokbazar Market (Barisal), New Market (Khulna) and many more.

Ferdous Hasan Neville, associate executive director of Asiatic, said the activation programme for Pepsi Football Mania has witnessed huge participation of consumers. This campaign will help strengthen ties between the football fans of Bangladesh and the Pepsi brand, he added.

Breeders defy uniform chick price Complain poultry farmers

STAR BUSINESS REPORT

Hatchery firms are yet to comply with the government decision on uniform prices for one-day old broiler and layer chicks.

The government fixed the price at Tk 30 for one-day old broiler chicks and Tk 32 for layer chicks in a meeting with stakeholders. It was to be effective from June 16.

But poultry farmers claim that the leading breeding firms are yet to reduce prices.

The complaint was raised at the national convention of poultry farmers in Dhaka yesterday.

The current market prices for one-day old broiler and layer chicks are Tk 70 and Tk 75 respectively, the farmers

pointed out.

These farmers usually rear broiler chicks for meat and layer chicks for eggs.

"We want the government decision to be implemented soon so that we can buy one-day old chicks at the government fixed price," said Kamal Uddin, a poultry farmer and trader at Brahmanbaria, who attended the convention held at the National Press Club.

Kamal said the hatchery firms are exploiting them, as the production cost of a boiler or layer chick is around Tk 16, while they have to pay around Tk 70.

The marginal poultry farmers also urged the government to reconsider the decision to import bird-flu affected eggs from India, take initiatives to export locally produced poultry prod-

ucts, reduce the price of bird feed and sell one-day old chicks at a maximum retail price rate.

They pointed out that the new budget had not made any budgetary allocation for the poultry sector. They lamented that the government measures to handle the bird-flu issue turned out to be ineffective.

There are around 1.15 lakh poultry farms that produce around 2.37 crore eggs and over 1,450 tonnes of meat a year, said industry insiders.

Value addition of this sector stands around 85 percent, as most raw materials needed are produced locally.

The poultry farmers announced different programmes to press their demand.

Govt spends 68pc ADP outlay in 11 months

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The government spent 68 percent or Tk 19,522 crore of the revised allocation of Annual Development Programme (ADP) in the first 11 months of the current fiscal year.

It could spend 61 percent or Tk 14,088 crore of the revised ADP allocation in the same period last year.

According to a report by Implementation, Monitoring and Evaluation Division, the local component of the implemented ADP was 71 percent, while 64 percent of the project aid of their respective revised allocation was spent.

Emirates flight booking on mobile

STAR BUSINESS DESK

Emirates Airlines has introduced a new web-based mobile flight-booking system in Bangladesh, the company said in a statement yesterday.

To facilitate this service, the air giant opened a new website: Mobile Emirates.com.

Customers can easily book flights and access any other relevant information through this website using more than 3,000 web-enabled cell phones.

"We are committed to extending services to the customers so that they can easily communicate with us. I firmly believe the new web-based mobile service serves this purpose," said Russel Seldon, senior vice president of the company.

Customers can log on to emirates.com through their cell phones and the system automatically changes the web version to the mobile version.

Primarily, the website is available in English.



AB BANK

Kaiser A Chowdhury, president and managing director of AB Bank, and Humayun Kabir, managing director of Sonali Bank, exchange documents after inking a remittance service agreement in Dhaka recently.

FBCCI opposes cut in PSI products list

UNB, Dhaka

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday urged the government to withdraw the proposal for reducing the Pre-Shipment Inspection (PSI) product list in the 2010-11 national budget.

Finance Minister AMA Muhith in his budget speech proposed the reduction of PSI item list to enhance the capacity of Customs Department of the National Board of Revenue (NBR) towards scrapping the PSI system in future.

In a letter to the Prime Minister, the outgoing Vice-President of FBCCI Abul Kashem requested the government to withdraw the proposal to protect the local industry and increase revenue earnings.

The apex trade body also sent a copy of the letter to the finance minister.

Talking to the news agency, Kashem said he forwarded the request to the highest authority of the government.

"All the businessmen, except some dishonest ones, want continuation of the PSI system. Some C&F agents in Chittagong are against the system so that they can continue tax evasion. Some dishonest customs officials also support their demand," he said.

The letter, sent on June 17, said the local industry would be hit hard if any abrupt reduction of about 2,500 products from the mandatory PSI products list takes place as proposed by the finance minister.

"The revenue earnings of the government will also be affected as the proposed reduc-

tion measure will pave the way for massive under-valuation," according to the news agency quoting the letter.

Presently, compulsory PSI is applicable to 4,285 items.

Major items such as industrial raw materials, milk foods, refrigerators, telecommunication equipment and electrical items fall under the 2,500 items proposed to be withdrawn from the compulsory PSI list.

"Customs Department is yet to build up their capacity and attain the required efficiency to handle the load of valuation and inspection of imported goods under a PSI-free regime," said the letter.

Quoting a recent report of an NBR task force on PSI, the letter said the report categorically mentioned to continue the PSI scheme until the Customs Department raises its capacity at satisfactory level.

FBCCI, at the consultative committee meeting ahead of the National budget for fiscal 2010-2011, had also demanded continuation of PSI to uphold the interest of the business community, it added.

Muhith, in his budget speech, proposed the withdrawal of about 2,500 items in the PSI list, and also mentioned to extend the system till December 2010.

Muhith said that one of the principal objectives behind the introduction of the PSI system was to strengthen the capacity of the workforce in the customs department through training from PSI agencies, and that the government would ultimately replace them by taking up the responsibility of conducting such activities.

Stocks bounce back

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Dhaka stocks bounced back yesterday, after a slump of two days, as the investors regained confidence.

The benchmark index of the Dhaka Stock Exchange -- DSE General Index -- gained 106.41 points, or 1.74 percent, to 6,207.55.

After the two days' fall, the investors found it proper time to take positions on securities that increased the demand and the share prices as well, market insiders said.

They also said there was a rumour during the previous two days that the regulator may reduce the margin loan ratio, but no such directives came from the Securities and Exchange Commission (SEC) until yesterday.

The investors were upbeat as the SEC did not take further measures and most of the sectors such as banking, non-banking, fuel and power, and engineering went up.

Banking, non-banking and fuel and power sectors were mainly behind yesterday's rise, according to a market analysis by Race Asset Management. "Engineering sector also chipped in," it said.

However the day's only two negative performers were telecommunication and textiles.

Advancers beat losers 177 to 64 with seven securities remaining unchanged on the premier bourse.

More than 3.67 crore shares and mutual fund units traded on the floor on a turnover of Tk 1,249.18 crore.

Beximco Ltd topped the turnover leaders with more than 41.17 lakh shares worth Tk 127.39 crore being traded.

Chittagong stocks also posted a sharp rise and the CSE Selective Categories Index increased by 145.65 points, or 1.24 percent, to 11,806.85.

More than 41.88 lakh shares and mutual fund units changed hands on the Chittagong Stock Exchange at a turnover of Tk 97.62 crore.

Advancers beat losers 113 to 54, while nine securities remained unchanged on the port city bourse.

Beximco Ltd topped the turnover list with more than 3.71 lakh shares worth Tk 11.49 crore being traded on the CSE.

Russian billionaire bids for Le Monde

AFP, Moscow

A Russian billionaire banker has entered a bid to take over debt-ridden French broadsheet Le Monde, a Russian newspaper reported yesterday.

Gleb Fetisov, the owner of Moi Bank banking group, told Kommersant daily that he had made a bid for a controlling stake in Le Monde.

"For me, this deal is first of all a business project. I intend to develop the newspaper and remain the owner of a controlling share," Fetisov told Kommersant.

Fetisov came number 42 in Forbes magazine's list of Russia's richest in 2010, with a fortune of \$1.6 billion.



UCB

United Commercial Bank (UCB) and Hotel Sea Crown in Cox's Bazar have recently signed an agreement. Employees and credit and debit cardholders of UCB will enjoy special discounts while staying at the hotel. Shahadat Hossain Shohag, senior vice president and head of cards of UCB, and SM Faizul Haque, director (operation) of Sea Crown, inked the deal.